

# Memorandum

**Date:** July 28, 2022

**To:** GAO's Financial Management and Assurance Team (FMA)  
Council of the Inspectors General on Integrity and Efficiency  
Financial Audit Community

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**Subject:** *Professional Standards Update No. 85, April through June 2022*

To alert you to changes in professional standards, we periodically issue *Professional Standards Updates* (PSU).<sup>1</sup> These updates highlight the effective dates and issuance of recent standards and guidance related to engagements conducted in accordance with *Government Auditing Standards*.<sup>2</sup> PSUs contain summary information only, and those affected by a change should refer to the respective standard or guidance for details.

This PSU has two sections:

- Section I identifies select standards and guidance with their respective effective dates. Section I contains standards effective for
  - audits of financial statements for periods ending after March 31, 2022;
  - attestation reports dated after March 31, 2022; and
  - accounting for reporting periods beginning after January 15, 2021.
- Section II identifies select standards and guidance that were issued from April 2022 through June 2022.

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<sup>1</sup>Previous PSUs can be found in the Related Publications section of <https://www.gao.gov/yellowbook>.

<sup>2</sup>GAO, *Government Auditing Standards: 2018 Revision Technical Update April 2021*, [GAO-21-368G](#) (Washington, D.C.: April 2021).

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# ***Professional Standards Update No. 85***

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## Section I: Effective Dates for Select Standards and Guidance

This section identifies select standards and guidance that are effective for (1) audits of financial statements for periods ending after March 31, 2022; (2) attestation reports dated after March 31, 2022; and (3) accounting for reporting periods beginning after January 15, 2021. In general, the standard setters mentioned in this section are those with standards and guidance that relate to auditing government entities. Table 1 is an overview. Detailed information follows the table. Those affected should refer to the respective standard or guidance for more information.

**Table 1: Effective Dates for Select Standards and Guidance**

Standard setter	Standard or guidance	Standards and guidance issued
American Institute of Certified Public Accountants	Statements on Auditing Standards (SAS), Statements on Standards for Attestation Engagements (SSAE), and other guidance	<p><b>Effective for audits of financial statements for periods ending on or after December 15, 2021:</b>  <a href="#">SAS No. 134</a>, <i>Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements</i>  <a href="#">SAS No. 135</a>, <i>Omnibus Statement on Auditing Standards—2019</i>  <a href="#">SAS No. 136</a>, <i>Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA</i>  <a href="#">SAS No. 137</a>, <i>The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports</i>  <a href="#">SAS No. 138</a>, <i>Amendments to the Description of the Concept of Materiality</i>  <a href="#">SAS No. 139</a>, <i>Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134</i>  <a href="#">SAS No. 140</a>, <i>Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137</i></p> <p><b>Effective for audits of financial statements for periods ending on or after December 15, 2022:</b>  <a href="#">SAS No. 142</a>, <i>Audit Evidence</i></p> <p><b>Effective for audits of financial statements for periods ending on or after December 15, 2023:</b>  <a href="#">SAS No. 143</a>, <i>Auditing Accounting Estimates and Related Disclosures</i>  <a href="#">SAS No. 144</a>, <i>Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained From External Information Sources</i>  <a href="#">SAS No. 145</a>, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i></p> <p><b>Effective for audits of financial statements for periods beginning on or after June 30, 2023:</b>  <a href="#">SAS No. 147</a>, <i>Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations</i></p> <p><b>Effective for engagements for periods beginning on or after December 15, 2025:</b>  <a href="#">SAS No. 146</a>, <i>Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards</i></p> <p><b>Effective for attestation reports dated on or after June 15, 2022:</b>  <a href="#">SSAE No. 21</a>, <i>Direct Examination Engagements</i>  <a href="#">SSAE No. 22</a>, <i>Review Engagements</i></p>
Federal Accounting Standards Advisory Board	Statement of Federal Financial Accounting Concepts (SFFAC), Statement of Federal Financial Accounting Standards (SFFAS), and other guidance	<p><b>Effective upon issuance:</b>  <a href="#">Interpretation 11</a>, <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i></p> <p><b>Effective for reporting periods beginning after September 30, 2021:</b>  <a href="#">SFFAS 59</a>,<sup>a</sup> <i>Accounting and Reporting of Government Land</i></p> <p><b>Effective for reporting periods beginning after September 30, 2023:</b>  <a href="#">SFFAS 54</a>, <i>Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment</i>  <a href="#">SFFAS 57</a>, <i>Omnibus Amendments 2019 (paras. 3–8, 11, and 12)</i>  <a href="#">SFFAS 60</a>, <i>Omnibus Amendments 2021: Leases-Related Topics</i>  <a href="#">Federal Financial Accounting Technical Release 20</a>, <i>Implementation Guidance for Leases</i></p>
Financial Accounting Standards Board	Accounting Standards Updates (ASU)	A number of ASUs came into effect. To view the details and effective dates of ASUs, <a href="#">click here</a> .

Standard setter	Standard or guidance	Standards and guidance issued
Governmental Accounting Standards Board (GASB)	Accounting standards and implementation guides	<p><b>Effective upon issuance:</b>  <a href="#">GASB Statement No. 99</a>, <i>Omnibus 2022</i> (paras. 26–32)</p> <p><b>Effective for fiscal years or reporting periods ending after December 15, 2021:</b>  <a href="#">GASB Statement No. 98</a>, <i>The Annual Comprehensive Financial Report</i></p> <p><b>Effective for fiscal years or reporting periods ending after December 31, 2021:</b>  <a href="#">GASB Statement No. 93</a>, <i>Replacement of Interbank Offered Rates</i> (para. 11b)</p> <p><b>Effective for fiscal years or reporting periods beginning after June 15, 2021:</b>  <a href="#">GASB Statement No. 87</a>, <i>Leases</i>  <a href="#">GASB Statement No. 92</a>, <i>Omnibus 2020</i> (paras. 6–10 and 12)  <a href="#">GASB Statement No. 93</a>, <i>Replacement of Interbank Offered Rates</i> (paras. 13–14)  <a href="#">GASB Statement No. 97</a>, <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> (all paragraphs other than paras. 4–5)  <a href="#">GASB Implementation Guide No. 2019-3</a>, <i>Leases</i>  <a href="#">GASB Implementation Guide No. 2020-1</a>, <i>Implementation Guidance Update—2020</i> (questions 4.1–4.5, 4.18, and 5.1–5.5)  <a href="#">GASB Implementation Guide No. 2021-1</a>, <i>Implementation Guidance Update—2021</i> (question 4.22)</p> <p><b>Effective for fiscal years or reporting periods beginning after December 15, 2021:</b>  <a href="#">GASB Statement No. 91</a>, <i>Conduit Debt Obligations</i>  <a href="#">GASB Implementation Guide No. 2020-1</a>, <i>Implementation Guidance Update—2020</i> (questions 4.6–4.17 and 4.19–4.21)</p> <p><b>Effective for fiscal years or reporting periods beginning after June 15, 2022:</b>  <a href="#">GASB Statement No. 94</a>, <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>  <a href="#">GASB Statement No. 96</a>, <i>Subscription-Based Information Technology Arrangements</i>  <a href="#">GASB Statement No. 99</a>, <i>Omnibus 2022</i> (paras. 11–25)  <a href="#">GASB Implementation Guide No. 2021-1</a>, <i>Implementation Guidance Update—2021</i> (questions 4.1–4.21, 4.23, and 5.2–5.4)</p> <p><b>Effective for fiscal years or reporting periods beginning after June 15, 2023:</b>  <a href="#">GASB Statement No. 99</a>, <i>Omnibus 2022</i> (paras. 4–10)  <a href="#">GASB Statement No. 100</a>, <i>Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62</i>  <a href="#">GASB Implementation Guide No. 2021-1</a>, <i>Implementation Guidance Update—2021</i> (question 5.1)</p> <p><b>Effective for fiscal years or reporting periods beginning after December 15, 2023:</b>  <a href="#">GASB Statement No. 101</a>, <i>Compensated Absences</i></p>

Source: GAO analysis of standards setters' effective dates.

<sup>a</sup>SFFAS 59 requires certain paragraphs to be presented as required supplementary information (RSI) for fiscal years 2022 through 2025. In fiscal year 2026, the statement requires such RSI to transition to note disclosures.

## A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

### American Institute of Certified Public Accountants

Statements on Auditing Standards (SAS) ([Click here for link](#))

**Effective for audits of financial statements for periods ending on or after December 15, 2021:**

- **SAS No. 134**, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements* (May 2019). Provisions of this statement (1) supersede and amend sections of SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, and (2) amend SAS No. 132, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*. Early adoption is permitted.

- **SAS No. 135**, *Omnibus Statement on Auditing Standards—2019* (May 2019). Provisions of this statement amend sections of (1) SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, and (2) SAS No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*. Early adoption is permitted.
- **SAS No. 136**, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA* (July 2019). This statement addresses the auditor's responsibility to form an opinion on the financial statements of employee benefit plans subject to the Employee Retirement Income Security Act of 1974 (ERISA). It also addresses the form and content of the auditor's report issued based on the ERISA plan financial statements. Early adoption is permitted.
- **SAS No. 137**, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports* (July 2019). This statement addresses the auditor's responsibilities relating to other information, whether financial or nonfinancial (other than financial statements and the related auditor's report), included in an entity's annual report. Early adoption is permitted.
- **SAS No. 138**, *Amendments to the Description of the Concept of Materiality* (December 2019). Provisions of this statement amend sections of (1) SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended; (2) SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, as amended; and (3) SAS No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*. Early adoption is permitted.
- **SAS No. 139**, *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134* (March 2020). Provisions of this statement amend sections of SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended. Early adoption is permitted.
- **SAS No. 140**, *Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137* (April 2020). SAS No. 140 conforms the reporting provisions of SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, and other SASs to generally accepted auditing standards. In addition, AU-C section 935, *Compliance Audits*, was amended to be consistent with current governmental requirements. Early adoption is permitted.

SAS Nos. 134 and 136 through 140 are interrelated because the Auditing Standards Board (ASB) amended the auditor reporting model adopted in SAS No. 134 by issuing SAS Nos. 136 through 140. Accordingly, ASB recommends that all of these statements be implemented concurrently.

**Effective for audits of financial statements for periods ending on or after December 15, 2022:**

- **SAS No. 142**, *Audit Evidence* (July 2020). This statement provides guidance on what constitutes audit evidence in an audit of financial statements and sets out attributes of information that the auditor takes into account when evaluating information to be used as audit evidence. Taking these attributes into account assists the auditor in maintaining professional skepticism.

**Effective for audits of financial statements for periods ending on or after December 15, 2023:**

- **SAS No. 143**, *Auditing Accounting Estimates and Related Disclosures* (July 2020). This statement addresses the auditor's responsibilities relating to accounting estimates, including fair value accounting estimates and related disclosures, in an audit of financial statements. It also includes requirements and guidance related to evaluating misstatements of accounting estimates and related disclosures and indicators of possible management bias.
- **SAS No. 144**, *Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained From External Information Sources* (June 2021). This

statement amended these sections by incorporating related Public Company Accounting Oversight Board (PCAOB) guidance as follows:

- AU-C section 501, *Audit Evidence — Special Considerations for Selected Items*. This amendment adds application material from appendix A, “Using the Work of a Company’s Specialist as Audit Evidence,” of PCAOB Auditing Standard (AS) 1105, *Audit Evidence*, to enhance the quality of audits of nonissuers’ financial statements.
- AU-C section 540, *Auditing Accounting Estimates and Related Disclosures*. This amendment to AU-C section 540 adds a new appendix, “Use of Pricing Information From Third Parties as Audit Evidence,” that provides guidance on using pricing information obtained from external information sources as audit evidence for estimates related to the fair value of financial instruments. This appendix takes into account PCAOB AS 2501, *Auditing Accounting Estimates, Including Fair Value Measurements*, appendix A, “Special Topics, Identifying and Assessing Risks of Material Misstatement Related to the Fair Value of Financial Instruments.”
- AU-C section 620, *Using the Work of an Auditor’s Specialist*. This amendment adds material from PCAOB Release No. 2018-006, *Amendments to Auditing Standards for Auditor’s Use of the Work of Specialists*, to various application paragraphs to enhance the quality of audits of nonissuers’ financial statements.
- **SAS No. 145**, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* (October 2021). This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, and amends various AU-C sections in AICPA Professional Standards. This statement enhances
  - requirements and guidance on identifying and assessing the risks of material misstatement, particularly in the areas of obtaining an understanding the entity’s system of internal control and assessing control risk, and
  - guidance that addresses the economic, technological, and regulatory aspects of the markets and environment in which entities and audit firms operate.

**Effective for audits of financial statements for periods beginning on or after June 30, 2023:**

- **SAS No. 147**, *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance With Laws and Regulations* (June 2022). This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, section 210, *Terms of Engagement*. This statement requires an auditor, once management authorizes the predecessor auditor to respond to inquiries from the auditor, to inquire of the predecessor auditor regarding identified or suspected fraud or noncompliance with laws or regulations.

**Effective for engagements for periods beginning on or after December 15, 2025:**

- **SAS No. 146**, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards* (June 2022). This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, section 220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*, and amends various AU-C sections in AICPA Professional Standards. This statement addresses the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements, and for other engagements conducted in accordance with generally accepted auditing standards, and the related responsibilities of the engagement partner.

**Effective for reports dated on or after June 15, 2022:**

- **SSAE No. 21**, *Direct Examination Engagements* (September 2020). This statement adds AT-C section 206, *Direct Examination Engagements*, to the attestation standards and enables practitioners to perform an examination engagement in which a practitioner obtains reasonable assurance by measuring or evaluating underlying subject matter against criteria and expressing an opinion that conveys the results of that measurement or evaluation.
- **SSAE No. 22**, *Review Engagements* (December 2020). This statement
  - revises AT-C section 210, *Review Engagements*, for consistency with AT-C section 205, *Assertion-Based Examination Engagements* (pursuant to SSAE No. 21, *Direct Examination Engagements*);
  - describes the types of procedures a practitioner may perform in a review engagement;
  - revises the reporting requirements for an attestation review for additional transparency; and
  - permits the expression of an adverse conclusion, consistent with Statement on Standards for Accounting and Review Services No. 25, *Materiality in a Review of Financial Statements and Adverse Conclusions*.

Early implementation is permitted only if a practitioner also implements early the amendments to AT-C section 105, *Concepts Common to All Attestation Engagements*, included in SSAE No. 21, *Direct Examination Engagements*.

## **B. ACCOUNTING STANDARDS AND GUIDANCE**

### **Federal Accounting Standards Advisory Board**

Concepts, Statements, Technical Bulletins, Interpretations, and Technical Releases ([Click here for link](#))

**Effective upon Issuance**

- **Interpretation of Federal Financial Accounting Standards 11**, *Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313* (November 2021). This interpretation clarifies that the standards provide that debt cancellation is a nonexchange activity that should be reported on the Statement of Changes in Net Position (SCNP). Interpretation 11 also clarifies that paragraph 313 of SFFAS 7 should not be interpreted to require that a particular line item “gain” or “loss” be displayed on the SCNP.

**Effective for reporting periods beginning after September 30, 2021:**

- **SFFAS 59**, *Accounting and Reporting of Government Land* (July 2021). This statement
  - requires reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset for periods beginning after September 30, 2025;
  - clarifies the definition for the stewardship land category;
  - requires the reporting of acreage of G-PP&E land and stewardship land using three predominant use subcategories: conservation and preservation land, operational land, and commercial use land; and
  - requires consistent and comparable disclosures of information for land.

SFFAS 59 has a 4-year implementation period. Acreage information by predominant use will be reported in required supplementary information for fiscal years 2022 through 2025. This information will transition to basic information within note disclosures in fiscal year 2026, when the asset dollar amounts for G-PP&E land and permanent land rights are removed from the balance sheet. Early adoption is not permitted.

## Effective for reporting periods beginning after September 30, 2023:

- **SFFAS 54, *Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*** (April 2018). This statement revises the financial reporting standards for federal lease accounting. It provides a comprehensive set of lease accounting standards to recognize federal lease activities in the reporting entity's general purpose federal financial reports and includes appropriate disclosures. Early adoption is not permitted.
- **SFFAS 57, *Omnibus Amendments 2019***, paragraphs 3–8, 11, and 12 (September 2019). This statement addresses consistency issues and other improvements identified during implementation and application of certain federal accounting standards. Early adoption is not permitted.
- **SFFAS 60, *Omnibus Amendments 2021: Leases-Related Topics*** (November 2021). This statement amends paragraphs in SFFAS 54, *Leases*; SFFAS 57, *Omnibus Amendments 2019*; SFFAS 5, *Accounting for Liabilities of the Federal Government*; and SFFAS 6, *Accounting for Property, Plant, and Equipment*. These changes are necessary technical corrections and clarifications and other omnibus changes to address areas of concern with implementing these statements' standards.
- **Federal Financial Accounting Technical Release 20, *Implementation Guidance for Leases*** (November 2021). This technical release assists reporting entities in implementing SFFAS 54, *Leases*.

## Financial Accounting Standards Board

### Accounting Standards Updates (ASU)

- The Financial Accounting Standards Board (FASB) Accounting Standards Codification® (FASB Codification) is the sole source of authoritative generally accepted accounting principles other than Securities and Exchange Commission (SEC)–issued rules and regulations that apply only to SEC registrants. FASB issues ASUs to communicate changes to the FASB Codification, including changes to nonauthoritative SEC content. ASUs are not authoritative standards. To view details and the effective dates of ASUs, [click here](#).

## Governmental Accounting Standards Board

### Statements and Implementation Guides ([Click here for link](#))

#### Effective upon Issuance

- **GASB Statement No. 99, *Omnibus 2022***, paragraphs 26–32 (April 2022). This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature. Specifically, it addresses practice issues identified during implementation and application of certain other statements. These paragraphs cover the following topics:
  - Replacement of London Interbank Offered Rate
  - Supplemental Nutrition Assistance Program
  - Disclosure of Nonmonetary Transactions
  - Pledges of Future Revenues When Resources Are Not Received by the Pledging Government
  - Focus of the Government-Wide Financial Statements
  - Terminology Updates

#### Effective for fiscal years or reporting periods ending after December 15, 2021:

- **GASB Statement No. 98, *The Annual Comprehensive Financial Report*** (October 2021). This statement establishes the term *annual comprehensive financial report* and its acronym, *ACFR*. The

new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. Earlier application is encouraged.

**Effective for fiscal years or reporting periods ending after December 31, 2021:**

- **GASB Statement No. 93**, *Replacement of Interbank Offered Rates*, paragraph 11b (March 2020). This statement addresses accounting and financial reporting implications that result from replacing an interbank offered rate (IBOR) as the basis for variable payment agreements. Paragraph 11b removes the London Interbank Offered Rate as an appropriate benchmark interest rate for a derivative instrument. Earlier application is encouraged.

**Effective for fiscal years or reporting periods beginning after June 15, 2021:**

- **GASB Statement No. 87**, *Leases* (June 2017). The objective of this statement is to improve governments' accounting and financial reporting for leases to better meet the information needs of financial statement users. Earlier application is encouraged.
- **GASB Statement No. 92**, *Omnibus 2020*, paragraphs 6–10 and 12 (January 2020). This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature. Specifically, it addresses practice issues identified during implementation and application of certain other statements. Earlier application is encouraged. These paragraphs cover intra-entity transfer of assets, reporting assets accumulated for defined benefit arrangements, acquisition value in a government acquisition, and nonrecurring fair value measurements.
- **GASB Statement No. 93**, *Replacement of Interbank Offered Rates*, paragraphs 13–14 (March 2020). This statement addresses accounting and financial reporting implications that result from replacing an IBOR as the basis for variable payment agreements. Paragraphs 13 and 14 redefine what is considered a lease modification such that an amendment of a lease contract solely to replace the IBOR as the basis for variable payment agreements is not considered a lease modification. Earlier application is encouraged.
- **GASB Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, all paragraphs except paragraphs 4 and 5 (June 2020). These portions of this statement enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the pension plan definition and for benefits provided through those plans. Earlier application is encouraged.
- **GASB Implementation Guide No. 2019-3**, *Leases* (August 2019). This guide clarifies, explains, and elaborates on the requirements of GASB Statement No. 87. Earlier application is encouraged if GASB Statement No. 87 has been implemented.
- **GASB Implementation Guide No. 2020-1**, *Implementation Guidance Update—2020* (April 2020). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented.

New questions and answers (questions 4.1–4.5 and 4.18) relate to The Financial Reporting Entity; Accounting and Financial Reporting for Certain Investments and for External Investment Pools; Fiduciary Activities; and GASB Statement No. 83, *Certain Asset Retirement Obligations*.

Revised questions and answers (questions 5.1–5.5) relate to Pensions—Plan and Employer Accounting and Reporting; Accounting and Financial Reporting for Certain Investments and for External Investment Pools; and Postemployment Benefits Other Than Pensions—Plan and Employer Accounting and Reporting.

- **GASB Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*** (May 2021). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented. The new question and answer (question 4.22) coming into effect for the referenced time period relate to Effective Date and Transition of GASB No. Statement 87, *Leases*.

**Effective for fiscal years or reporting periods beginning after December 15, 2021:**

- **GASB Statement No. 91, *Conduit Debt Obligations*** (May 2019). This statement has two objectives: (1) to provide a single method by which issuers report conduit debt obligations and (2) to eliminate diversity in practice associated with (a) commitments that issuers extended, (b) arrangements associated with conduit debt obligations, and (c) related note disclosures. Earlier application is encouraged.
- **GASB Implementation Guide No. 2020-1, *Implementation Guidance Update—2020*** (April 2020). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented. New questions and answers (questions 4.6–4.17 and 4.19–4.21) coming into effect for the referenced time period relate to Leases and GASB Statement No. 91, *Conduit Debt Obligations*.

**Effective for fiscal years or reporting periods beginning after June 15, 2022:**

- **GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** (March 2020). This statement addresses issues related to public-private and public-public partnership arrangements. This statement provides accounting and financial reporting requirements for such partnership arrangements that
  - do not meet the definition of a lease as defined in GASB Statement No. 87, *Leases*, as amended and clarified by this statement, and
  - do not meet the definition of a service concession arrangement.

This statement also provides guidance for accounting and financial reporting for availability payment arrangements. Earlier application is encouraged.

- **GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*** (May 2020). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. This statement
  - defines an SBITA;
  - establishes that an SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability;
  - provides the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and
  - requires note disclosures regarding a SBITA.

To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Earlier application is encouraged.

- **GASB Statement No. 99, *Omnibus 2022***, paragraphs 11–25 (April 2022). This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature. Specifically, it addresses practice issues identified during implementation and application of certain other statements. These paragraphs cover the following topics:
  - Leases
  - Public-Private and Public-Public Partnerships
  - SBITAs

Earlier application is encouraged and is permitted by individual topic to the extent that all requirements associated with an individual topic are implemented simultaneously.

- **GASB Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*** (May 2021). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented.

New questions and answers (questions 4.1–4.21 and 4.23) relate to Accounting and Financial Reporting for Derivative Instruments; Fiduciary Activities; Leases; and GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Revised questions and answers (questions 5.2–5.4) from Implementation Guide 2015-1 relate to (1) Basic Financial Statements and Management’s Discussion and Analysis and (2) GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

#### **Effective for fiscal years or reporting periods beginning after June 15, 2023:**

- **GASB Statement No. 99, *Omnibus 2022***, paragraphs 4–10 (April 2022). This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature. Specifically, it addresses practice issues identified during implementation and application of certain other statements. These paragraphs cover the following topics:
  - Financial Guarantees
  - Derivative Instruments

Earlier application is encouraged and is permitted by individual topic to the extent that all requirements associated with an individual topic are implemented simultaneously.

- **GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*** (June 2022). This statement enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Earlier application is encouraged.
- **GASB Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*** (May 2021). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented.

Revised question and answer (question 5.1) coming into effect for the referenced time period relates to Implementation Guide 2015-1: Basic Financial Statements and Management’s Discussion and Analysis.

#### **Effective for fiscal years or reporting periods beginning after December 15, 2023:**

- **GASB Statement No. 101, *Compensated Absences*** (June 2022). This statement updates the recognition and measurement guidance for compensated absences. Earlier application is encouraged.

## Section II: Select Standards and Guidance Issued April 2022 through June 2022

This section includes select standards and related guidance issued during the period covered by this *Professional Standards Update* (PSU)—April 2022 through June 2022—to the extent that such materials were publicly available as of June 30, 2022. The section also identifies the standard setters whose publications and updates we review to prepare PSUs. These updates highlight the recent issuance and key points of standards and related guidance. This PSU only summarizes the standards or guidance. Those affected by these changes should refer to the respective standard or guidance for details.

### A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

#### Government Accountability Office

Government Auditing Standards ([Click here for link](#))

- Government Auditing Standards were not updated during the period covered by this PSU.

Financial Audit Manual (FAM) ([Click here for link](#))

- **FAM**, *Volume 1, Audit Methodology*, *Volume 2, Detailed Implementation Guidance*, and *Volume 3, Federal Financial Reporting Checklist* (June 2022). The FAM is a joint effort between GAO and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) that presents a methodology to perform financial statement audits of federal entities in accordance with professional standards.

The revision reflects changes in auditing financial statements of the U.S. government since the last revisions of FAM volume 1 (issued in April 2020) and FAM volume 2 (issued in March 2021). The revisions are primarily based on changes in (1) professional auditing standards of the Auditing Standards Board of the American Institute of Certified Public Accountants (Statements of Auditing Standards Nos. 134, 135, 137, 138, 140, and 141) and (2) audit guidance in the Office of Management and Budget's Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*, issued on June 11, 2021. Users should also consider any subsequently issued standards or guidance. This revision should be used beginning with audits of fiscal year 2022 federal entity financial statements.

#### American Institute of Certified Public Accountants

Statements on Auditing Standards (SAS) ([Click here for link](#))

- **SAS No. 146**, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards* (June 2022).<sup>3</sup> This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, section 220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*, and amends various AU-C sections in AICPA Professional Standards. This statement addresses the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements, and for other engagements conducted in accordance with generally accepted auditing standards (GAAS), and the related responsibilities of the engagement partner. This statement is effective for engagements conducted in accordance with GAAS for periods beginning on or after December 15, 2025.

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<sup>3</sup> For access to SAS No. 146, refer to <https://www.aicpa.org/resources/download/aicpa-statement-on-auditing-standards-no-146>

- **SAS No. 147, *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance With Laws and Regulations*** (June 2022).<sup>4</sup> This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, section 210, *Terms of Engagement*. This statement requires an auditor, once management authorizes the predecessor auditor to respond to inquiries from the auditor, to inquire of the predecessor auditor regarding identified or suspected fraud or noncompliance with laws or regulations. This statement is effective for audits of financial statements for periods beginning on or after June 30, 2023.

Statements on Standards for Attestation Engagements (SSAE) ([Click here for link](#))

- There were no new SSAEs issued during the period covered by this PSU.

Statements on Quality Management Standards (SQMS) ([Click here for link](#))

- **SQMS No. 1, *A Firm's System of Quality Management*** (June 2022). This statement covers a firm's responsibilities to design, implement, and operate a system of quality management for its accounting and auditing practice. This statement also addresses the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews. Systems of quality management in compliance with this SQMS are required to be designed and implemented by December 15, 2025, and the evaluation of the system of quality management required by paragraphs 54–55 is required to be performed within one year following December 15, 2025.
- **SQMS No. 2, *Engagement Quality Reviews*** (June 2022). This statement addresses the appointment and eligibility of the engagement quality reviewer and the engagement quality reviewer's responsibilities relating to the performance and documentation of an engagement quality review. This statement is effective for audits or reviews of financial statements for periods beginning on or after December 15, 2025 and for other engagements beginning on or after December 15, 2025.

**Note:** SQMS are not incorporated by reference into GAGAS.

Professional Standards ([Click here for link](#))

*Code of Professional Conduct [ET]* (April 2022)

This update adds the following interpretations:

- “Responding to Noncompliance with Laws and Regulations” (ET sec. 1.180.010)
- “Assisting Attest Clients with Implementing Accounting Standards” (ET sec. 1.295.113)
- “Responding to Noncompliance with Laws and Regulations” (ET sec. 2.180.010)

This update revises the following interpretations:

- “Ethical Conflicts” (ET sec. 1.000.020)
- “Conceptual Framework for Independence” (ET sec. 1.210.010)
- “Client Affiliates” (ET sec. 1.224.010)
- “Unpaid Fees” (ET sec. 1.230.010)
- “Loans” (ET sec. 1.260.010)
- “Loans and Leases with Lending Institutions” (ET sec. 1.260.020)
- “Immediate Family Members” (ET sec. 1.270.010)
- “Ethical Conflicts” (ET sec. 2.000.020)

This update also revises the definition of “beneficially owned” (ET sec. 0.400.06).

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<sup>4</sup> For access to SAS No. 147, refer to <https://www.aicpa.org/resources/download/aicpa-statement-on-auditing-standards-no-147>

## **B. ACCOUNTING STANDARDS AND GUIDANCE**

### **Federal Accounting Standards Advisory Board**

Concepts, Statements, Technical Bulletins, Interpretations, and Technical Releases ([Click here for link](#))

- There were no new or updated concepts, statements, technical bulletins, interpretations, or technical releases issued during the period covered by this PSU.

### **Financial Accounting Standards Board**

Accounting Standards Updates (ASU) (listed only) ([Click here for link](#))

- [ASU No. 2022-03](#), *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* (June 2022)

### **Governmental Accounting Standards Board**

Statements, Concepts, Technical Bulletins, Interpretations, and Implementation Guides ([Click here for link](#))

- **GASB Statement No. 99**, *Omnibus 2022* (April 2022). This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature. This statement contains various effective dates (refer to Section 1 of this PSU), encourages earlier application, and covers the following topics:
  - Financial Guarantees
  - Derivative Instruments
  - Leases
  - Public-Private and Public-Public Partnerships
  - Subscription-Based Information Technology Arrangements
  - Replacement of London Interbank Offered Rate
  - Supplemental Nutrition Assistance Program
  - Disclosure of Nonmonetary Transactions
  - Pledges of Future Revenues When Resources Are Not Received by the Pledging Government
  - Focus of the Government-Wide Financial Statements
  - Terminology Updates
- **GASB Statement No. 100**, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* (June 2022). This statement enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for fiscal years beginning after June 15, 2023. Earlier application is encouraged.
- **GASB Statement No. 101**, *Compensated Absences* (June 2022). This statement updates the recognition and measurement guidance for compensated absences. This statement is effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged.

## C. REGULATORY GUIDANCE

### Office of Management and Budget

Circulars ([Click here for link](#))

- [Circular No. A-136](#), *Financial Reporting Requirements – Revised* (June 3, 2022). This circular provides Office of Management and Budget guidance for executive branch entities required to submit audited financial statements, interim financial statements, and performance and accountability reports or agency financial reports under the Chief Financial Officers Act of 1990, as amended; the Government Management Reform Act of 1994; and the Accountability of Tax Dollars Act of 2002. This circular also provides general guidance to Government corporations required to submit annual management reports under chapter 91 of title 31, *United States Code*.

Memoranda (listed only) ([Click here for link](#))

- There were no relevant new or updated memoranda issued during the period covered by this PSU.

Other Information (listed only) ([Click here for link](#))

- [2022 Compliance Supplement – 2 CFR Part 200 Appendix XI](#) (May 2022)

### Department of the Treasury

Treasury Financial Manual (TFM) ([Click here for link](#))

- There were no relevant new or updated TFM chapter updates issued during the period covered by this PSU.

Treasury Bulletins ([Click here for link](#))

- [TFM, Volume I, Bulletin No. 2022-12](#), *U.S. Standard General Ledger (USSGL) — A Treasury Financial Manual (TFM) Supplement* (June 8, 2022), revises the USSGL and replaces all previous amendments. The USSGL includes two parts. Part 1, requirements for fiscal year 2022, is effective immediately. Part 2, requirements for fiscal year 2023, is effective October 1, 2022.
- [TFM, Volume I, Bulletin No. 2022-14](#), *2022 Year-End Closing* (June 28, 2022), provides entities with guidance for preparing year-end closing reports and other financial reports, including required deadlines for federal entities to submit fiscal year 2022 financial data to the Department of the Treasury's Bureau of the Fiscal Service for timely certification and reporting.

## D. INTERNATIONAL AUDITING STANDARDS AND GUIDANCE

### International Auditing and Assurance Standards Board

The International Auditing and Assurance Standards Board (IAASB) sets international standards for auditing, quality control, review, other assurance, and related services and facilitates the convergence of international and national standards. To review recently issued IAASB pronouncements, [click here](#).

## **E. INTERNAL AUDIT GUIDANCE**

### **Institute of Internal Auditors**

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance that the Institute of Internal Auditors (IIA) promulgates. IIA implementation guides assist internal auditors in applying the IPPF and the IIA's Code of Ethics. They collectively address internal auditing's approach, methodologies, and consideration but do not detail processes or procedures. IIA supplemental guidance provides detailed guidance for conducting internal audit activities. To review recently issued IIA mandatory guidance, [click here](#), and recommended guidance, [click here](#).